

INTRODUCTION

The 2002 edition of Schedule B supersedes the previous (1996) edition as the official schedule of commodity classifications to be used by shippers in reporting export shipments from the United States, and in compiling the official statistics on exports of merchandise from the United States. This edition is effective January 2002. The export commodity classification system presented in this Schedule reflects the adoption, in 1989, of the Harmonized Commodity Description and Coding System (Harmonized System).

The correct commodity number shown in the current edition of Schedule B must be reported on the Shipper's Export Declaration (SED) form or any authorized electronic medium. A description of the merchandise, in sufficient detail to permit the verification of the Schedule B number, must also be furnished on the export declaration, as well as other statistical data, in accordance with the Foreign Trade Statistics Regulations (15 CFR Part 30). Facsimiles of the export declaration forms appear as part of the "Correct Way to Fill out the Shipper's Export Declarations", which is reproduced on preceding introductory pages of this publication.

ORGANIZATION OF THE SCHEDULE B CLASSIFICATIONS

Schedule B, based on the Harmonized System (HS), consists of 22 sections divided into 97 chapters. Chapters 1 through 97 correspond with the International System of Numbering, with chapter 77 being blank. An additional chapter, 98, is used for special classification provisions that apply only to U.S. exports. The 10-digit Harmonized System-Based Schedule B codes (commodity numbers) comprise these chapters. There are approximately 9,000 of these 10-digit classification codes in the 2002 edition of Schedule B. The definitions for these codes are as follows:

| Code | Definition | Example |
|--------------|--|---|
| 07 | Chapter in which a commodity is classified | Chapter 7, Edible Vegetables and Certain Roots and Tubers |
| 0713 | Represents the heading in that chapter | Dried Leguminous Vegetables, Shelled, Whether or not Skinned or Split |
| 0713.10 | Represents the Harmonized System code subheading | International Harmonized Code for Peas (<i>Pisum Sativum</i>) |
| 0713.10.4020 | Represents statistical subdivisions | Commodity Code for Green Peas |

REPORTING EXPORT TRANSACTIONS ON THE BASIS OF THE HARMONIZED TARIFF SCHEDULE (HTS) OF THE UNITED STATES ANNOTATED FOR STATISTICAL REPORTING PURPOSES

The United States has adopted the Harmonized System as the basis of both its export classification system (Schedule B) and its import classification system (HTS). The first six digits of the commodity numbers in chapters 1 through 97 of both the HTS and the Schedule B are identical with respect to descriptions and codes. Beyond the six-digit level, the classification may be comparable on a one-to-one basis or comparable by adding two or more import classifications to equal a single Schedule B classification. For most commodities classified in chapters 1 through 97, exporters may report either the HTS number or Schedule B numbers. For

export situations in which only the Schedule B number can be reported, see the Introduction to the HTS. Schedule B numbers may not be reported on import entries. HTS numbers reported for exports should not include any symbols in the form of prefixes. These symbols are used only to denote special import tariff treatment.

LOCATING THE CORRECT SCHEDULE B NUMBER

The table of contents at the front of this document lists all of the sections and chapters with their descriptions. This will serve as a guide to the general area in which a commodity may be classified. Schedule B also contains an alphabetical index that indicates the first six digits or six-digit range of the 10-digit Schedule B numbers for the listed item. Although only the first six digits of the Schedule B number are given in the index, the complete 10-digit code must be used in reporting export shipments. The only purpose of the index is to assist in locating the part of the document in which a particular classification can be found. Failure to find the item in the index does not relieve the shipper of the responsibility for locating the correct Schedule B number for the item being reported.

After locating the description and six-digit code for an item in the alphabetical index, the exporter then searches for that numerical sequence in the body of Schedule B. After reading all pertinent section, chapter, and statistical notes, the exporter should assign the appropriate 10-digit Schedule B number.

In cases where the exporter is unable to locate an item in the alphabetical index, one of two methods of assigning a Schedule B number may be chosen. If the HTS number is known, in most cases it may be reported in lieu of the Schedule B number. The item also may be located in the Schedule B numeric sequence by referring to the table of contents in the front of the Schedule B and locating the appropriate chapter, and subsequently, the correct Schedule B number. The General and U.S. Rules of Interpretation and Definitions, as well as the notes appearing in the sections and chapters of Schedule B, should be reviewed before attempting to locate the correct commodity number.

DEFINITIONS

The terms “wholly of”, “in part of”, and “containing”, when used between the description of an article and a material (e.g., woven fabrics, wholly of cotton), have the following meanings:

“wholly of” means that the goods are, except for negligible or insignificant quantities of some other material or materials, composed completely of the named material.

“in part of” or “containing” means that the goods contain a significant quantity of the named material.

The term “headings” refers to the article descriptions appearing in Schedule B at the four-digit level; the term “subheading” refers to any article description indented thereunder. A reference to “headings” also encompasses the subheadings indented thereunder.

GENERAL RULES OF INTERPRETATION

Classification of goods in Schedule B shall be governed by the following principles:

1. The titles of sections and chapters are provided for ease of reference only. Classification shall be determined according to the terms of the headings and relative section or chapter notes and, unless such headings or notes have additional requirements, according to the following provisions.
2. Any reference in a heading to an article shall be taken to include a reference to that article incomplete or unfinished, provided that, as presented, the incomplete or unfinished article has the essential character of the complete or finished article. It shall also be taken to include a reference to the article complete or finished (or failing to be classified as complete or finished by virtue of this rule), exported or disassembled.

Any reference in a heading to a material or substance shall be taken to include a reference to mixtures or combinations of that material or substance with other materials or substances. Any reference to goods of a given material or substance shall be taken to include a reference to goods consisting wholly or partly of such material or substance. The classification of goods consisting of more than one material or substance shall be according to the principles of rule number 3.

3. When, by application of rule 2b or for any other reason, goods are, *prima facie* classifiable under two or more headings, classification shall be effected as follows:
 - a. The heading that provides the most specific description shall be preferred to headings providing a more general description. However, when two or more headings each refer to parts only of the

materials or substances contained in mixed or composite goods or to parts only of the items in a set put up for retail sale, those headings are to be regarded as equally specific in relation to those goods, even if one of them gives a more complete or precise description of the goods.

- b. Mixtures, composite goods consisting of different materials or made up of different components, and goods put up in sets for retail sale, which cannot be classified by reference to 3a, shall be classified as if they consisted of the material or component that gives them their essential character, insofar as this criterion is applicable.
- c. When goods cannot be classified by reference to 3a or 3b, they shall be classified under the heading that occurs last in numerical order among those that equally merit consideration.

4. Goods that cannot be classified in accordance with the above rules shall be classified under the heading appropriate to the goods to which they are most akin.
5. In addition to the foregoing provisions, the following rules shall apply with respect of the goods referred to therein:
 - a. Camera cases, musical instrument cases, gun cases, drawing instrument cases, necklace cases and similar containers, specially shaped or fitted to contain a specific article or set of articles, suitable for long-term use and exported with the articles for while they are intended, shall be classified with such articles when of a kind normally sold therewith. The rule does not, however, apply to containers that give the whole its essential character.
 - b. Subject to the provisions of rule 5a.,

packing materials and packing containers exported with the goods therein shall be classified with goods if they are of a kind normally used for packing such goods.

However, this provision does not apply when packing materials or packing containers are clearly suitable for repetitive use.

6. The classification of goods in the subheadings of a heading shall be determined according to the terms of those subheadings and any related subheading notes; and the classification of goods shall be based on the understanding that only subheadings at the same level are comparable. For the purposes of this rule, the relative section and chapter notes also apply, unless the context dictates otherwise.

ADDITIONAL U.S. RULES OF INTERPRETATION

1. In the absence of special language or context that dictates otherwise,
 - a. A Schedule B classification controlled by use is to be determined in accordance with the use in the United States at, or immediately prior to, the date of exportation of articles of that class or kind to which the exported articles belong, and the controlling use is the principal use, i.e., the use that exceeds all other uses.
 - b. A provision for parts of an article covers products solely or principally used as a part of such articles, but a provision for “parts” or “parts and accessories” shall not prevail over a specific provision for such part or accessory.
 - c. Provisions covering goods of named textile materials cover goods that are of textile materials and that would be regarded as consisting wholly of that

named textile material, as determined in accordance with note 2 to section XI for products classified in chapters 50 to 55 and consisting of the same textile materials, and in the same proportion, as the exported products.

REPORTING REQUIREMENTS

Not Elsewhere Specified or Included (n.e.s.o.i.). If a Schedule B number has been located that seems to apply to the commodity being classified, but the description for the number carries the limitation n.e.s.o.i., the commodity number should not be used until a check has been made to determine whether there is a classification elsewhere into which the item will fit more specifically. Other classifications under the same general heading should be examined.

Double Units of Quantity. When two units of quantity are specified in the “Unit of Quantity” column for a Schedule B classification, unless there are blocks specifically provided and labeled, the first, or primary, unit should be reported on the Shipper’s Export Declaration (SED), on the same line with the Schedule B number and the value. Report the second, or secondary, unit of quantity directly below the first unit of quantity.

Shipping Containers. When shipping containers are exported as merchandise for sale or transfer of ownership abroad, they should be reported on export declarations under the appropriate Schedule B commodity number for the particular type of container. However, in accordance with the Foreign Trade Statistics Regulations, shipping containers are not considered to be exported when they are moving, either loaded or empty, strictly in their capacity as carriers of merchandise, i.e., as instruments of international traffic, not for sale or transfer from U.S. ownership or title to foreign ownership or title. Therefore, containers leaving the United States strictly as instruments of international traffic are not

required to be reported on the SED. If for any reason an exporter wishes to report the movements of such containers on export declarations, they may be reported under Schedule B number 9801.20.0000. This classification is not to be used to report the contents of the containers. Contents of such containers are to be reported under the appropriate classification(s) for the merchandise.

Commodities Donated for Relief or Charity by Individuals or Private Agencies. Chapter 98 provides for exports of certain commodities donated for relief or charity by individuals or private agencies. In general, except for bulk grain, such classifications are provided for those commodities that are known to be, or are likely to be, exported for relief or charity in fairly sizable amounts. In addition to chapter notes for chapter 98, please read the chapter notes for chapters 1 through 16, 21, 30, and 63, to ensure that relief or charity shipments are correctly classified.

Reporting the Value of Repairs and Alterations. Shippers should report, under Schedule B number 9801.10.0000, the value of repairs and alterations made on articles previously imported for such purposes. These articles should be reported as domestic merchandise, and the value to be reported should represent the total value of repairs and alterations made in the United States. If there is no charge, a value representing the cost of repairs to the manufacturer or a reasonably ascertained estimate thereof must be reported. The value of the article that was imported to be

repaired or altered should not be reported and therefore should not be included in the value reported for commodity number 9801.10.0000.

Export of Articles Previously Imported for Processing. Articles exported after having been imported temporarily under bond for processing (HTS 9813.00.0520) should be reported as domestics merchandise. The Schedule B number assigned should be selected from chapters 1 through 97, according to the exported article. The Value reported should be the total value of the article.

Additional Information. See the "Correct Way to Fill Out the Shipper's Export Declarations."

Revisions to Schedule B. It is expected that revisions to Schedule B classifications will be required from time to time. Such revisions will probably be announced in the form of bulletins, released periodically. Any recommendations for revisions to existing classifications or for the establishment of new classifications should be addressed to:

The Chairman
Committee for Statistical Annotation of
Tariff Schedules
United States International Trade
Commission
Washington, D.C. 20436

Requests should be submitted no later than August 1, for changes to be effective January 1.